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# **Current Issues in the Western Hemisphere Region**

**By**

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## **Introduction**

The critical problems facing the United States in this hemisphere and the issues which this committee has asked that I address today largely coincide. The issues you raise touch on fundamental concerns such as the consolidation of democracy; the promotion of internal peace, stability, and reconciliation; narcotics trafficking; and the protection of American economic interests and the interests and property of our citizens.

While acknowledging the many challenges before us, I believe the countries of the Western Hemisphere are at a promising juncture. We have excellent relations with our neighbors throughout the region. Geography, trade, travel, migration, and technology have all combined to produce an unprecedented level of integration and interdependence. This means that hemispheric issues-crime or migration or economic growth or natural disasters-quickly tend to become domestic, U.S. issues and resonate in our local communities.

Organizationally, another manifestation of this deepening integration is the change in the Department of State's old Bureau of Inter-American Affairs; with the addition of Canada, we are now the Bureau of Western Hemisphere Affairs. The incorporation of Canada into our bureau not only reflects an economic and geopolitical reality, but has had the beneficial effect of causing us to regularly rethink how we look at the totality of our relations with the Hemisphere.

The management and resolution of these issues require active U.S. leadership and engagement and, increasingly, a hemisphere-wide perspective. More than anywhere else in the world, problems in this hemisphere have a way of intruding directly and immediately on our lives and livelihood.

## **Colombia: Peace Process and U.S. Policy**

There are few threats to the American people that have as direct and negative an effect on our national well being as does illegal drug trafficking. For this reason, we consider our counternarcotics efforts among the very most important policy priorities in the Western Hemisphere. One country that is key in these efforts is Colombia, the world's leading producer of cocaine. Our counternarcotics interests in Colombia are inextricably linked to that country's capacity to strengthen its democratic governance, jump start the legitimate economy, undertake a genuine peace process, and ensure respect for the basic human rights of the Colombian people. Ultimately, it is up to Colombians to address these interrelated problems; however, the United

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States can and should work with its Colombian partners to ensure that a comprehensive, strategic focus links counternarcotics goals in the broader context of a national security strategy in Colombia. President Pastrana's team has developed such a strategy, and it is deserving of U.S. support.

## **Plan Colombia**

The government of Colombia (GOC) has prepared a good comprehensive plan that provides a strategic vision outlining how it intends to address its national challenges. The "Plan Colombia-Plan for Peace, Prosperity, and Strengthening of the State" is an ambitious, but realistic, package of mutually reinforcing policies to revive Colombia's battered economy, strengthen democratic institutions, promote the peace process and eliminate "sanctuaries" for narcotics producers, destroy crops, and interdict traffickers.

The draft plan covers five critical themes: the peace process; counternarcotics; the judicial system; democratization, human rights, and social development; and economic policy. Colombia recognizes the imperative to regain the confidence of its people by strengthening the democratic and social institutions, particularly those assisting Colombian victims of the country's violence and drug trade. The government will promote respect for human rights, assist those displaced by the internal conflict, implement alternative development programs, combat corruption, strengthen local governments, and provide sustainable development assistance to conflictive areas. The Colombians will fund the bulk of the strategy, but seek supplementary support from the international community.

## **Peace Process**

Guerrilla and right wing militia violence has taken a heavy toll on Colombia both in terms of human life and economic losses and has made the Colombian people afraid to travel outside the major cities. Moreover, both the guerrillas and right wing militias are increasingly tied to the narcotics industry.

We believe that President Pastrana is correct in making peace a major priority and by folding it into a robust security strategy. Measures which aid in settling Colombia's internal conflict will also help in other areas. Colombia's internal fighting discourages domestic and foreign investment, which is vitally needed to restart an economy currently suffering from the worst downturn since the 1930s.

In order to address the interrelated problems of Colombia, its government will seek to offer an opportunity for all combatants to address the issues of protection of non-combatants, better guarantees of human rights, democratic participation, agrarian reform, reform of the military and police, and reduction and elimination of illicit drug cultivation and production. We support Colombia's efforts on behalf of alternative development in areas controlled by the government, as well as the steps it has announced to strengthen respect for human rights and promote good governance at the local government level.

## **Human Rights**

Protection of human rights is fundamental to a democratic society. We have strongly supported the Pastrana Administration in its efforts to advance the protection of human rights and

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to prosecute those who abuse them. Complicity by Colombia's security forces with the right wing militia groups remains a serious problem, although the government has taken important steps in holding senior military and police officials accountable for complicity in human rights violations. Since assuming office in August 1998, President Pastrana has demonstrated Colombia's commitment to protecting human rights by cashiering a number of senior-and mid-level officers for complicity with paramilitary groups. The senior leadership of the security forces, at least, seems to genuinely support President Pastrana's policy of respect for human rights.

U.S. law (including Section 568 of the FY 1999 Foreign Operations Appropriations Act) prohibits the provision of U.S. assistance to any unit of a security force if there is credible evidence that the unit has committed a gross violation of human rights and appropriate steps are not being taken to bring those responsible to justice. There are strict procedures in place to verify that individuals and units proposed for U.S. assistance and training have not been involved in any human rights abuses.

### **Internally Displaced Persons**

Another serious issue is the plight of Colombia's internally displaced persons. The vicious conflict between right wing militias and guerrillas is largely responsible for the forced displacement of Colombians. As many as 300,000 persons-mostly women and children-were driven from their homes in 1998 by rural violence. Non-governmental organizations report that Colombia has the fourth-largest population of displaced persons in the world.

### **Status of Forward Operating Locations**

The fight against international narcotics is a multi-dimensional one that requires a variety of instruments and weapons. The comprehensive monitoring and tracking of the narcotrafficker's air and maritime operations is an essential component of our interdiction strategy. Formerly, military bases in Panama provided us with the platform to carry out this critical task. With the closing of our bases in Panama, and in particular Howard Air Base, we have had to explore other options. Initially we engaged in months of talks with Panamanian authorities to use facilities there to stage these monitoring efforts. However, in the end, Panamanian officials would not agree to our terms.

Therefore, we turned to another option, the concept of forward operating locations to assure we maintained the ability to effectively monitor narco transit routes. These locations are limited facilities in areas around drug production zones that give us the means to continue our air coverage of the air and sea routes plied by narcotraffickers in the region. We believe the transition to this concept will succeed and these facilities will represent a practical, cost-effective counternarcotics alternative.

U.S. counternarcotics aircraft have been operating temporarily out of airports in Curacao, Aruba, and Manta, Ecuador since last April under interim accords negotiated with the Dutch and the Ecuadorian Governments, respectively. We are now in the final rounds of negotiations with both governments for long-term, 10-year-plus agreements. Longer-term agreements are essential before we can begin spending on the necessary physical upgrades at the three airports. The upgrades will, in turn, enable us to position more aircraft at each location to ensure full coverage of the drug trafficking transit and source zones once covered out of Howard Air Force Base in Panama.

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The United States and Ecuador are close to concluding a long-term agreement. We also plan to meet soon with the Dutch to continue negotiating a forward operating location long-term agreement for Curacao/Aruba.

While there has been some interim degradation in aerial counternarcotics coverage, we anticipate that when a third forward operating location is established, coverage will likely exceed what we had at Howard. We plan to establish a third forward operating location site in Central America at an appropriate location as conditions warrant and funding permits.

At this time Panama is not a realistic forward operating location option. At some point in the future we may revisit an approach to Panama, but only under some very specific circumstances: after the expiration of the Canal treaty, once all U.S. forces have been withdrawn, and only when the recently installed government of President Miriam Moscoso is well-established and willing to enter into discussion on this issue.

### **U.S.-Cuba Counternarcotics Cooperation**

Geography dictates that any successful narcotics interdiction strategy must include a strong Caribbean component. Cuba's Caribbean location between the major drug-producing countries of South America and the United States means we have to consider Cuba as we design our strategy. Nonetheless, any possible counternarcotics cooperation with Cuba will not come at the expense of our overall policy toward Cuba and does not signify a normalization of relations with the Cuban government.

Given that Cuban airspace and territorial waters are at risk of being used by traffickers seeking to smuggle illegal drugs into the U.S., the U.S. law enforcement community has begun exploring potential ways to plug these interdiction gaps. In June, a working-level team from the Department of State and U.S. Coast Guard (USCG) held talks with Cuban officials in Havana. These talks were technical and exploratory in nature and included discussions on:

- the possible upgrading of the current telex link between the Cuban Border Guard and USCG to a voice link;
- the identification of radio frequencies so that U.S. and Cuban vessels can communicate in real time when that would facilitate interdiction of traffickers;
- our willingness to consider stationing a USCG officer in USINT in a liaison capacity in order to facilitate real-time communication (the USCG officer would be on detail to the State Department);
- the provision of technical expertise on a case-by-case basis.

While the Cubans indicated they would accept the USCG detail and the telecommunication upgrade and expressed interest in expanding contacts with U.S. law enforcement personnel, nothing has been agreed to formally. In addition, several issues were not raised with the Cubans: sharing intelligence, providing equipment, and carrying out joint operations.

Directly relevant to our counternarcotics engagement with Cuba is the 7.2 ton cocaine shipment bound for Cuba that was seized by Colombian authorities in Cartagena in December

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1998. The intelligence community is conducting an “all source” assessment of that shipment and possible Cuban government complicity in it. We will consider the results of that assessment in determining our future narcotics control relations with Cuba.

Again, it is important to emphasize that the meeting of our working-level counternarcotics experts with their Cuban counterparts was governed by our desire to look for possible ways to address the drug menace. We have for many years been engaged in case-by-case cooperation with the government of Cuba when it is in our national interest to do so, and these contacts are within those parameters. The counternarcotics discussion we have had with Cuba does not signify a change in overall U.S. policy to Cuba. This discussion does not mean we are formalizing our relations with the Cuban government. The Administration will continue to press the Cuban regime to democratize and to respect human rights while seeking to engage and assist the Cuban people in order to promote a peaceful transition to democracy. Evidence of this was the successful effort we led at the Human Rights Commission in Geneva earlier this year to score human rights practices in Cuba.

### **Panama Canal and Chinese Influence**

In accordance with our treaty with Panama, the final transfer of the Panama Canal to Panama must be completed by December 31, 1999. Nonetheless, the U.S. will maintain a close interest in the operations of the Canal well beyond that date.

In 1996, the government of Panama initiated a process to privatize the operations of ports at both ends of the Canal. U.S. firms and the U.S. Embassy in Panama believed that an unorthodox bidding process prejudiced U.S. firms’ opportunity to win the concession to operate the ports. Despite vigorous protests to the government of Panama by the then-U.S. ambassador, the concession was awarded to a division of the Hong Kong-based company Hutchison-Whampoa.

Since that time, the process leading to the award to Hutchison-Whampoa has been reviewed by several official U.S. entities, including a Senate Foreign Relations Committee staff delegation and the Federal Maritime Commission. These studies concluded that, though the bidding process for this concession was unorthodox, there did not appear to be discrimination against U.S. companies under U.S. law because other port concessions in Panama were won by U.S. companies.

The U.S. intelligence community also studied the related question of the influence of the People’s Republic of China in Panama as a result of the concession awarded to Hutchison-Whampoa. After reviewing the results of this study, we have concluded that the presence of Hutchison-Whampoa in Panama and the ports of Balboa and Cristobal does not represent a threat to Canal operations or other U.S. interests in Panama.

The provisions of the “Neutrality Treaty,” signed by the U.S. and Panama in 1977, establish a legal framework to ensure security of the Canal and to guarantee that it remains open to ships of all nations on an equal footing. Nothing in the arrangement between the government of Panama and Hutchison-Whampoa modifies or supersedes the provisions of the “Neutrality Treaty.”

Moreover, the Panamanian National Constitution confers solely upon the Panama Canal Authority, an autonomous public entity, the function of operating and administering the Canal.

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Therefore, barring a constitutional amendment, the operation of the Canal itself will not be privatized as were the ports discussed above.

### **Status of U.S. Property Claims in Nicaragua**

Seeking resolution of U.S. citizens' claims for property confiscated during the Sandinista regime remains our most important, and most difficult, bilateral issue with the government of Nicaragua. After 1990, the elected government of Violeta Chamorro established an extensive administrative process to sort out pending claims for land and properties which the Sandinistas had expropriated. Since then, more than 5,500 Nicaraguans and non-Nicaraguans have filed some 16,000 claims against the government of Nicaragua. The current government of President Arnoldo Aleman has continued this process and has consistently promised to work with the United States to find acceptable, fair forms of compensation for American citizens.

The U.S. Embassy in Managua has set up a special property claims office staffed by a full-time American officer and two Nicaraguan employees dedicated solely to assisting U.S. claimants. Thanks in large part to the work of embassy officials from the Ambassador on down, successive Nicaraguan governments have made encouraging progress in stepping up the pace of claims resolution. As of August 31, 1999, the Nicaraguan government has resolved 2,564 U.S. citizen claims. Of a total of 2,330 claims filed at the embassy, 1,436 have been resolved. In addition, 1,128 cases have been resolved despite never having been filed with the embassy; 330 U.S. citizens have had all their claims resolved. Separately, 321 U.S. citizens have physically recovered some or all of their properties.

In July, Secretary Albright issued the sixth annual waiver of Section 527 provisions which, had they not been waived, would have prohibited most forms of bilateral aid to Nicaragua. Her decision was based first on the fact that Section 527 would have provoked disastrous results for Nicaragua's economic reform process, particularly in the wake of the devastation caused by Hurricane Mitch. But her decision was also based on our sense that the Nicaraguan government particularly under President Aleman, is making good progress in resolving claims. The rate of claims resolution has increased significantly. The government resolved 466 U.S. cases during the August 1998-July 1999 waiver year and 434 during the 1997-1998 waiver year-as compared to an average of 277 cases per year from 1991 to 1996. These figures represent not only a dramatic increase, but also an "evening out" of the pace of resolution, with Nicaragua now steadily resolving a consistent 30 to 40 American claims per month.

While we know of 2,564 resolved cases, there are still 894 unresolved U.S. claims in the embassy data base as of August 31, 1999. Many of these cases involve lands which are occupied by legally constituted cooperatives or other entities. Removing them would cause considerable social and economic disruption, and could, in many cases, be illegal. Several U.S. claimants in this situation have accepted 15-year, local currency government bonds as compensation. However, this solution is unsatisfactory to many claimants, who are now seeking compensation either in property of comparable value, hard currency, or in shares in companies to be privatized. Legislation exists to permit property swaps, but a new law would have to be enacted to allow equity shares to be used as compensation. In addition, many claimants are seeking resolution of their claims via the Nicaraguan court system. The government has promised to set up special property courts, although this mechanism has not been established or tested.

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The U.S. government has emphasized to Nicaragua the importance of establishing property courts and the property swap and equity shares compensation alternatives, and the embassy is committed to working with the government to ensure that these mechanisms function efficiently and transparently.

We are making solid progress on the property issue, but we must maintain constructive pressure on the government of Nicaragua. Americans have been patient in seeking resolution and deserve a fair shake. Like many members of the subcommittee, and like many U.S. citizen claimants, we are frustrated with this difficult, slow process. Alternate forms of compensation, the opening of the property courts, and continued direct engagement by the embassy are crucial. With perseverance and insistence, I believe we can eventually find acceptable resolutions to all outstanding property claims.

### **Political Situation in Venezuela**

Hugo Chavez was elected president of Venezuela by a wide margin in December 1998 on the promise of eliminating corruption and inefficiency in government and ensuring social justice. Seven months after his inauguration, Chavez continues to enjoy an approval rating around 80%. In April, Venezuelans returned to the polls to vote on a referendum, voting overwhelmingly in favor of the formation of a National Constituent Assembly (ANC) to draft a new Constitution. Elected on July 25, the vast majority of the 131-member ANC supports President Chavez. The ANC was given six months to complete a draft of a new Constitution; however, Chavez has asked the ANC to accelerate its work and to finish within three months.

The process was off to a difficult start in August, when turf conflicts between the new ANC and established institutions threatened to overtake action on Venezuela's needed reforms. In August, the ANC issued two decrees to establish committees to investigate the judicial and legislative branches. The Assembly's claim to "originating" powers (in essence, establishing its superiority to the existing branches of government) was indirectly upheld in a Supreme Court opinion and the President of the Court resigned in protest. The Congress attempted to come back into plenary session, despite a previous agreement to remain in recess, and the ANC issued emergency decrees limiting Congress's powers. Approximately two weeks after the crisis began, an agreement brokered by the Catholic Church resulted in a new written "cohabitation" accord. Under the terms of the agreement, the Congress will resume plenary sessions on October 2, the traditional end of the summer recess.

In the wake of the public dispute with the Congress, the ANC declared it would intensify its work on the new Constitution. While further political friction is almost certain, it appears that the government of Venezuela, the ANC, and the opposition are buckling down to the work of writing the constitution and revamping the country's institutions.

The majority of Venezuelans believe that profound change of their national institutions is necessary, and they have tasked the ANC with that responsibility. As a long-time friend of Venezuela, we recognize the importance of that undertaking. At the same time, we emphasize in our contacts with Venezuelans that democracy begets democracy. That is, changing the rules of democracy must take place in a democratic fashion and requires constant attention to the principles of due process, respect for minorities, compromise, and reconciliation of divergent interests. The process of change must respect checks and balances as well as fundamental

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democratic principles. The ideal, of course, is consensus, and when unanimity is not possible, it is essential that debate on the issues be open, cordial, and inclusive.

In addition, we believe that the current focus on political and institutional issues has obscured the dire need for Venezuelan government engagement on economic policy. The nation is in its deepest recession in a decade with unemployment at 15% while protectionist rhetoric and political uncertainty dampen investor sentiment. These economic issues must be addressed forthrightly even as the ANC continues its work on the proposed new constitution.

### **Haiti: Elections and the Status of U.S. and U.N. Forces**

September marks the fifth anniversary of the U.S.-led effort that restored elected and constitutional government to Haiti. Although Haiti's political and economic progress has been impeded by a prolonged and divisive political impasse, we remain committed to helping the country achieve sustainable democracy and a level of economic growth that will lift the Haitian people out of abject poverty. Since the intervention, Haiti has achieved five continuous years of elected government, and the human rights situation, although imperfect, has improved. The macroeconomic situation has stabilized. The Haitian government has made initial progress in privatizing state-owned industries, but much remains to be done. Illegal migration, which surged to some 40,000 annually during the 1991-94 period of de facto military rule, is now greatly reduced. Despite some problems with low-level corruption and attrition, the four-year-old Haitian National Police has become the most professional and apolitical security force Haiti has ever had. The deadlock between the Haitian executive and legislative branches hindered progress in many areas. Although international assistance to the justice sector has made some inroads, particularly in giving average Haitians access to legal counsel, the judicial system remains weak. While the economy is stable, it is not growing at a sufficient pace to bring Haiti out of its profound poverty.

### **U.S. Military Support Group**

The U.S. Military Support Group has contributed significantly to U.S. objectives in Haiti and provided much needed assistance to the Haitian people. Although the Support Group's focus has been humanitarian assistance, its presence has been invaluable in promoting stability and security during Haiti's transition. Plans are underway for the redeployment home in early 2000 of the 400-strong U.S. Military Support Group in Haiti. This redeployment does not constitute the termination of our military presence in Haiti. We will continue to be engaged militarily and are currently reviewing proposed programs for the area. Furthermore, this redeployment does not in any way indicate a retreat by the U.S. from helping Haiti develop its economy and strengthen its nascent democratic institutions.

### **The U.N. International Civilian Police Mission (MIPONUH)**

The U.N. International Civilian Police Mission (MIPONUH) has been critical in helping Haiti develop an increasingly credible police force. MIPONUH's mandate is due to lapse November 30. We are currently working with the U.N. and other donors to obtain passage in the United Nations General Assembly of a new mandate for a smaller and restructured U.N. police assistance mission. The proposed entity will consolidate under the Representative of the Secretary General both MIPONUH's police mentoring functions and aspects of the human rights monitoring role now conducted by the O.A.S./U.N. International Civilian Mission in Haiti (MICIVIH).



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## **Elections**

In a few months from now, Haiti will hold legislative, regional, and local elections. These elections are critical to fully restoring the Parliament that lapsed January 11 of this year. We are urging the Haitians to hold these elections as soon as possible in a free, fair, and transparent manner. President Preval appointed a broadly acceptable Provisional Electoral Council, which, although encountering some organizational difficulties, has performed in a credible and competent manner. The Council added to its credibility when it decided to rerun in upcoming elections the two still-contested senate seats from the flawed April 1997 vote. The U.S. and international community are actively engaged in helping Haiti prepare for the upcoming elections. We are contributing \$16 million (over two fiscal years) for assistance to the Council and international monitors as well as for support to civil society groups to promote a climate conducive of free and fair elections.